

BUDGET REVIEW COMMITTEE

MAY 31, 2016

Note: Due to technical difficulties, the audio of the Budget Review Committee did not record until the Nashua Airport Authority's Departmental Review was underway.

A meeting of the Budget Review Committee was held Monday, 31, 2016, at 7:07 p.m. in the Aldermanic Chamber.

Alderman Richard A. Dowd, Chair, presided.

Members of Committee present: Alderman-at-Large Lori Wilshire, Vice Chair
Alderman-at-Large Brian S. McCarthy
Alderman-at-Large Michael B. O'Brien
Alderman Sean M. McGuinness
Alderman Ken Siegel

Members not in Attendance: Alderman David Schoneman

Also in Attendance: Alderman-at-Large David W. Deane
Alderman Tom Lopez

PUBLIC COMMENT

COMMUNICATIONS - None

DEPARTMENTAL REVIEWS

Nashua Airport Authority

Alderman Siegel

It looks like you added a person and if it's adding a person and taking away from part-time or something and it balances, I see that your budget is not out of line here but I look at that line and I think that's a big jump in full-time positions and that's basically like a 40% jump in your budget for full-time wages and I want to know where that came from.

Unidentified Speaker

I'd have to look into that.

Alderman Siegel

I do appreciate that this year we actually have a budget as opposed to a bunch of line items with no numbers. It would be nice to know what is going on there and if there is a surplus then I agree with Alderman Deane, you've got a highly leveraged local match, \$20,000 gets you \$400,000 and you've got a \$50,000 + surplus, you shouldn't have to ask the city for money because it's available for you. Was there a plan to use that?

Unidentified Speaker

We have a capital improvements plan for the next six years and you are correct in that this and next year the request of the local share are small but at some point we are going to need to redo the taxiway which is a major project and will cost quite a bit more than the local share that we are talking about.

Alderman Siegel

I understand that but for right now, I heard that for lack of some \$20,000 in local match money that wasn't in the Mayor's budget, you are going to put off getting \$400,000 in leveraged money back even though you have \$50,000 + in this years' surplus. Am I missing something?

Unidentified Speaker

No, you are not missing anything. We will be using that if we don't get the local match from the city but we are concerned about our future capital projects and funding them so we don't to spend the entire surplus initially, we'd like to be able to fund some of that airport expansion.

Alderman Siegel

And as an Alderman I certainly appreciate that but the wider city is facing a big squeeze to so if we can get that leveraged money; because that might go away, that \$400,000 might not be there next year. It seems to me why not take advantage it given that you have that surplus. That \$20,000 is not going to pay for some gigantic capital expense but if you tell me that I only have to pay 5% of something and I get a huge value back then I would probably say that that's a pretty good investment.

Unidentified Speaker

That project, we have not received confirmation of funding yet of either the FAA or the Department of Transportation. Those are requests that have already been put in and we have not gotten that response yet.

Chairman Dowd

Just for clarification to the audience, this is a project that is 90% federally funded, 5% state funded and 5% local funded.

Alderman McCarthy

Is it fair to say that if you had to pick one of those that the priority would be to save the surplus over a few years to pay for the taxiway reconstruction rather than the year-to-year projects that you might otherwise be able to fund?

Unidentified Speaker

I would say so, yes.

Alderman McCarthy

Which is why we are being asked for the \$25,000 for the current project?

Unidentified Speaker

Yes.

Alderman Wilshire

In your discussion you talked about moving full-time to part-time and part-time to full-time, so it looks like the current year's budget, between your full and part-time employees, you were at \$214,760 and this year's budget will be at \$227,233 which is only a difference of \$12,473.

Unidentified Speaker

That's correct.

Alderman Wilshire

And that's with the addition of a full-time; the net difference would be the addition of a full-time office manager?

Unidentified Speaker

Yes.

Alderman O'Brien

I am concerned with the elimination of a part-time person. It does snow up here and how is that going to affect the upkeep of the airport?

Unidentified Speaker – (#2)

In the wintertime we bring on additional folks to help us plow snow so they are seasonal contracted people and not part of our regular workforce.

Unidentified Speaker

That is line 54207 that we have about \$5,000 for the snowplowing.

Edgewood & Suburban Cemeteries

Mr. Tom Maffee, Board of Trustees, Edgewood Cemetery

Back in March we presented our budget to the Mayor, Dave Fredette and CFO Griffin. A few questions were asked and everything was A-okay with the Mayor, CFO Griffin and Mr. Fredette.

Mr. Jeff Snow, Superintendent, Edgewood & Suburban Cemeteries, was also in attendance.

Woodlawn & Pinewood Cemeteries

Mr. Len Fournier, Superintendent, Woodlawn and Pinewood Cemeteries

As you may or may not know Woodlawn is self-funded and we have been since 1995. We are comfortable with the FY '17 budget as we prepared it and we are also comfortable that we will be able to reconcile it at the end of FY '17.

The Pinewood budget is a city budget and I think it's a \$25,000 budget.

Mr. Niles Jensen, Chairman of Trustees and Mr. Daniel Buslovich, Trustee was also in attendance.

Public Works & Engineering

Ms. Lisa Fauteux, Director of Publics Works

The Division of Public Works provides the leadership and framework necessary to build and maintain a safe and sustainable city infrastructure that will be utilized by many future generations of Nashua residents. We are probably the only department in the city that can claim to touch every resident every day. A lot of people take the Department of Public Works for granted, whether it be driving on a city street, stopping at a traffic light, walking on a sidewalk, picnicking or attending a soccer game in the park or placing your trash and recycling at the curb or using a bathroom facility you are benefitting from the services of public works. Our employer Board is the Board of Public Works. The Board is comprised of Mayor Jim Donchess as Chair; Commissioner Paul Bergeron, Vice Chair; Commissioner Tracy Pappas, Commissioner Kevin Moriarty and Commissioner Joel Ackerman. The division has 167 employees who work hard every day to deliver the many services of public works. We have 5 departments which include Streets, Parks & Recreation, Solid Waste, Wastewater and Administration & Engineering. We brought our general fund budgets in at about \$11,358,346 which represents a 1.6% increase. We were requested by the Mayor to bring our budget in at 1.3% and it's at 1.6% because the Mayor added a couple of Parks & Rec employees which are funded for half of a year in FY '17. The Park & Rec budget is about \$3.1 million; Streets is \$6.8 million; Admin & Engineering is \$1.3 million; Wastewater is \$14.4 million and \$6.8 million for Solid Waste. Our major projects include the completion of the Main Street Sidewalk Project, Labine Park, Greeley Park Master Plan, the relocation of the David W. Deane Skateboard Park, the completion of Bicentennial Park, Southwest Park Soccer Field hopefully will be built this year, obtaining public input and completion of City Hall Plaza, the Rail Trail lights, LED street lights, hopefully the consolidation of Public Works at Burke Street, the paving program, our sewer rehab projects, the treatment of phosphorus headworks pump station upgrades in our wastewater treatment plant, irrigation upgrades for Park & Rec, expanding our catch basin cleaning program, we have the landfill design of phase 3 and permitting a phase 4, adding gas collection and soil throughout the landfill and allocating additional funds for paving continues to be one of our top priorities working with Cartegraph coming on-line very soon. We also want to get into some neighborhoods and plant some additional trees and repair sidewalks so as you can see we have some pretty lofty goals for the upcoming year. Joining me this evening are members of the DPW senior staff including Finance & Administration Manager, Carolyn O'Connor, Operations Manager, Andy Patrician, City Engineer, Steve Dookran, Parks & Recreation Superintendent Nick Caggiano, Interim Streets Superintendent John Ibara, Wastewater Superintendent Dave Simmons and Solid Waste Superintendent Jeff LeFleur.

Administration & Engineering

Mr. Steve Dookran, City Engineer

This is for department 160 which includes both administration & engineering. I will highlight the major changes. Under Wages and Salaries we have transferred a position with the Streets Department into the Engineering Department; this was a position that was doing engineering work to start with. That has increased wages full-time to \$47,000. The actual position is \$27,000 and the rest is from contractor increases. Property Services, the increases in utilities by \$5,000 on electricity and that's essentially from historical usage at our Riverside property following the guidelines given by the Purchasing Department. I want to point out that under Vehicle Repairs & Maintenance we have a decrease of \$800 and that's because our vehicles are fairly new. Under Other Services, mileage reimbursement, there is a decrease of \$2,500 as we continue to monitor mileage. It used to be a stipend before so we continue to see a reduction in that so we are down to \$9,350 and that's essentially for field personnel. We have an increase in the conference and seminars line as we continue to send people to conferences; like the American Public Works Association. Under Supplies & Materials we have a small increase under clothing and uniforms and that's to provide clothing or uniforms for our field people as stipulated by the UAW contract. Going back under Other Services, under Contracted Services, the increase of \$3,600 is for the recording of minutes for the Board of Public Works verbatim.

Parks & Recreation

Mr. Nick Caggiano, Superintendent, Parks & Recreation

I will start with revenues, you are going to see an increase of \$67,888 in revenues and it's because the Mine Falls Tower was off-line a few years ago and we had to take a dip as we lost some carriers and they re-constructed the tower and now there are additional carriers and antennas on the larger pole. Under Salaries & Wages you are going to see a couple of things there. The director already alluded to the fact that Mayor added two half-time positions this year to help take care of the workload. The other thing is Wages/Game Officials, that was moved from another area of the budget up to payroll at \$60,000 and the reason for that is through the IRS audits of the city's functions there was a recommendation in a memo that Game Officials need to be paid through a wage line. The amount didn't change, it just moved from one area in the budget to another. The other things that I will call your attention to, you see can in the 54 Property Services that we have some favorable electric and heating rates and in code 55 you will see a significant drop which coincides with the Game Officials moving up into the wage line. In 61, Supplies & Materials, we have, based on the purchasing guidelines, usage, rates and conservation and we are going to save about \$5,000 in fuel, CNG and diesel. Pretty much all of the other items are flat in the budget so I will entertain any questions that you may have.

Alderman O'Brien

With the Game Officials, that has nothing to do with the school department as far as their use of Game Officials?

Mr. Caggiano

No, this is for referees for Biddy Basketball, umpires for Babe Ruth softball and baseball.

Alderman Deane

Where is the janitor overtime for the school district?

Mr. Caggiano

The janitor overtime is in the overtime line.

Alderman Deane

How has that been trending? You've had reductions in the programs.

Mr. Caggiano

There has been a reduction in the program but the rates for those employees have gone up so you will see a very modest increase in our overtime budget for this year, about \$4,500.

Alderman Deane

So it's gone from \$50,000 to \$54,500?

Mr. Caggiano

Actually it came in a little lower last year but all of it is not 100% in because there are transfers with the school department but it looks like it was about \$42,000 this year.

Alderman Siegel

The two half-time positions that the Mayor added; what is their function?

Mr. Caggiano

They would be Groundsmen 1's which would be added in January of the upcoming year.

Alderman Siegel

Is it just focusing on keeping the parks in good shape?

Mr. Caggiano

Yes, entry level Groundsmen would be mowing, trimming, weeding and picking up trash.

Streets Department

Mr. John Ibara, Interim Superintendent, Streets Department

I will also start with the revenue which reflects \$32,996 which is due to the auctioning off of some of the older trucks and equipment. Salaries & Wages; due to contractual adjustments you will notice about \$37,000 in increases in wages and overtime regular. In Property Services, under the security services there is a \$2,000 increase which is upgrades to the system at the Streets Department. Under Other Services, telephone & cellular, we have a \$5,080 increase and that is the data plans for the AVL and the cell phone and pager programs and we have some stipends for foreman and the superintendent. Under Conferences & Seminars that dollar figure was raised \$1,000 for the American Public Works Association attendance. In Other Contracted Services we have a \$2,000 increase. Supplies & Materials under unleaded fuel we had a \$20,000 savings due to the lower prices. Also under signs, we increased that line by \$5,000. Some legislation which has passed increased our sign usage. Under 71228, Equipment; computer software, there was a money transfer in there of \$7,500 to cover the Cartegraph Paving Program. That's all I have, if you have any questions.

Alderman McCarthy

The vehicles that were auctioned off in the revenues, were they replaced through CERF?

Mr. Ibara

Yes.

Alderman McCarthy

How come we are not putting the revenue back in the CERF account?

Mr. Griffin

I can answer that. The revenue was treated as general fund revenue and not a receipt and appropriation.

Alderman McCarthy

I understand that but as a matter of policy; I mean the net effect is if we buy a truck and then we sell the one that replaced it and put that in the general fund then that means we just took money out of CERF and put it into the general fund.

Mr. Griffin

Right, we are appropriating \$1.836 million so that is the appropriation that we are recommending for FY '17.

Alderman McCarthy

I am probably going to work on some legislation to fix that so that we put money back into the account if we sell the equipment.

Alderman Deane

But they are following policy now, right?

Alderman McCarthy

I understand that.

Alderman Siegel

We cut a substantial amount of money from CERF and I know that about 85% of the CERF money goes to public works vehicles and other equipment and I'm very concerned that we are shorting ourselves. Director Fauteux, I don't want to put you on the spot because this is the Mayor's budget but what are we not buying that we should be buying? Clearly that's a big chunk of money that's out of CERF that should probably be put back.

Director Fauteux

Many of us, myself included worked very hard on updating the CERF plan and putting a fleet plan in place so that when we have trucks that were being held together with duct tape literally so I am concerned as well. We met with the Mayor and he asked us what we really couldn't live without. He funded everything that was really important to us. These are things that we feel like we can defer a year and we feel comfortable doing that. There were four plow trucks that we were planning to replace, an excavator at the landfill, a large mower and a six and ten-wheel dump and a sweeper.

Alderman Siegel

I appreciate that but I think we are playing kick the can down the road so while the Mayor may be comfortable and I am trying to discredit the Mayor but once his term is over it's not really his problem anymore but it is our problem. The CERF account was created for a good purpose and it served that purpose well and I just can't believe that we can cut 30% + out of the CERF budget and that everything will be wonderful going down the road because the following year we will have less money. We have a \$350,000 kind of tip of the iceberg but the next year is the \$2 million bazooka and the \$2 million bazooka after that and it's not clear to me that CERF all of a sudden becomes that much more healthy and I'm concerned about that. It's not really saving money; it's really deferring spending it because the equipment is still depreciating. CERF is supposed to be put in place so that we are always saving the depreciation amount for equipment and now we are not doing that, like the equipment is magically going to last longer during periods of fiscal discord. I appreciate the efforts to try and save money but I think we will have to address this when we start shuffling money around because that has to be refunded.

Alderman Deane

If you want to use the term deferred maintenance then let's go to the school district. That's a perfect example of deferred maintenance that isn't carried out. The HVAC project is a perfect example. They are no longer HVAC projects, we are going through the entire building and we are bonding the money. Let's go to the fire

department, we are bonding money to buy fire trucks. When CERF was originally set up there were years where it wasn't adequately funded and we paid down the road but the last number of years they went through and purged out the list and they got rid of the equipment that was in there that was never going to be replaced or hadn't been used in years but things have changed. Mayor Lozeau was the one that I believe brought the bonding in for fire trucks but I don't remember bonding CERF expenditures. These big fire trucks that we are bringing in, the last three or four of them have been bonded because CERF was inadequately funded. When you look at CERF and you look at what the Mayor was up against and you say the can gets kicked down the road, at the end of the day there is only so much money to go around. Are there 10 votes to change the budget, to pass it or 10 votes to override the spending cap; those are the questions that have to be answered and I think the answer is no to all of them. I look at the comfort level of those that have to operate with the departments and divisions in our city and what they explained to the Mayor they could live with and without and they came within those guidelines. At the end of the day it would be nice to have everything we want but that's not the case. We are going to be dealing with the pension issue for the next few years. I think for the most part our equipment is better cared for and has been replaced in a more timely fashion than it ever has been. Mayor Lozeau made (inaudible) in CERF, more than any Mayor I can remember; I think she did an outstanding job in that area.

Alderman McCarthy

It is way better funded than it ever was. The problem with the fire trucks is the cost of fire trucks went up faster than the rate at which we funded CERF so we've never been able to afford a \$700,000 expense out of it.

Alderman Deane

Yes but we have been bonding the entire amount.

Alderman McCarthy

My question regarding the stuff that was deferred, does that mean we have less trucks plowing snow next year?

Director Fauteux

No, we are just not replacing the existing equipment; we will use the existing equipment.

Commissioner Bergeron

I couldn't agree more about funding CERF and when it started in 2010, I would ask questions and everyone always said don't worry about it it's on CERF. I think it's up to the Board of Aldermen Director to figure out how to fund it.

Alderman McCarthy

I just want to point out that it's been there for decades but until 2010 there wasn't enough money in it to worry about it.

Alderman Siegel

In answer to Alderman Deane, I know that I am going to propose shuffling some money around to try to figure this out without taking more money out of the taxpayer's pocket. I believe the CERF account is very important and I think that public works has done a great job. I just don't want to see equipment failing. One day it's going to catch up, it always does.

Alderman Dowd

If you move things to FY 2018 so I think the deficit is \$700,000 from what it should be, the CERF. So some amount of vehicles got pushed to '18 and the only way that is going to work is if you take something that was going to be bought in '18 and move it to '19 and so forth because if you don't, he's right, all of a sudden there will be a CERF budget that you will never be able to meet and you will start losing vehicles.

Alderman Deane

Alderman McCarthy's point about the depreciation factor on fire trucks and having to bond, we bonded the entire amount for the purchase of those fire trucks. The balance of that money was utilized to put in other areas where there were increases per se in 10-wheelers and 6-wheelers and all of the other stuff. When you are spending \$1 million plus on each truck that just shows how underfunded it was to begin with. As for adding money, if it's found within the budget; but the Mayor sat down and asked people what they felt comfortable with and the people that run the divisions and departments told them.

Alderman Siegel

I guess the underlying concern is well, yes, we are under the spending cap and the budget looks tremendous but it was...I mean Alderman Deane, you've asked the question before, is this the way you want to spend your money and a lot of that money went to significant salary increases across the board and it had to come from somewhere and it looks like one of the places it came from was CERF. Obviously a positive place it came from was in the refunding of the bonds that saved us over a million dollars and other cuts and benefit savings but it's the CERF one that is the tough one that I can't deal with.

Alderman O'Brien

At certain times bonds seem to do well as compared to other traditional funding mechanisms and I guess at the time when the fire department was coming up the bonding was such that it made it very attractive but the CERF is the better way to go. I think, and I may not be correct, that the purchasing of fire trucks is the only real critical thing that's going to cost taxpayers in the long run because of the ISO ratings from the insurance underwriters. Maybe public works can say well maybe we can get another year out of the excavator; if you try to get another year out of a fire truck then you are kicking into situations where failures could be catastrophic and it could have a long-term effect. I would be happy to look and help in restructuring anything but when we look at the type of system that we have right now then something loses in the end with the spending cap and it seems to be kicking the can down the road and CERF is one of the cans and it's too bad.

Alderman Siegel

We were talking about the additional money for road signs, we typically do that legislatively, wouldn't it behoove us potentially for unplanned additions to the street sign budget to require a source of funding just like we do for the larger expenditures that we are trying to get into our neighborhoods? As a policy we should say if you want to get a stop sign for your neighborhood then you have to find a place where the money comes from just like the Spit Brook Road flashing road signs that will hopefully be going in soon. I mean I had to find a funding source for that. Why should public works have to adjust their budget if it is us that is causing the additional money to be spent, it's up to us to find the money. If we can't find the money then the signs don't go in.

Alderman Dowd

Director Fauteux, you budget some amount of money for signs taken into account that those are replacement and/or new signs. How is that relative to their budget to see if they have funding for it?

Director Fauteux

There is a difference between school zone flashers and a stop sign. For school zone flashers we would probably need another source of funding but we do budget for just regular replacement of signage.

Waste Water User Fund

Mr. Dave Simmons, Superintendent, Wastewater

We have two items in our operating budget this year. I completed a staff evaluation as required by DES and completed that this fiscal year. The result of that evaluation was that we are short staffed so the city proposed to NH DES, as an attempt to bring the staffing up to the staffing report that we would hire three laborers as of July 1 of this fiscal year. They would be used in collections, maintenance and operations. Each laborer could be assigned to a mechanic. Right now a lot of our maintenance tasks require two people so instead of sending out two mechanics, I have four mechanics so I can send out one laborer with each mechanic and pretty much triple my workforce on that day in tasks. They can also be used in operations and collections in the same manner. The other line item I want to bring your attention to is the disposal services which is 54221; our 3-year contract for sludge disposal is ending June 30th of this fiscal year so we went out for RFP's and they came in at \$42.00 per wet ton and we are presently paying \$59.00 per wet ton. That was a result of the Class B type sludge that we are producing through (inaudible) digestion. It's based on supply and demand and right now the demand is going up and we are about the only game in town so everyone is after what we have so there's a significant drop.

Alderman Siegel

Aren't we also getting significant savings because our new polymer blend is significantly better at dewatering?

Mr. Simmons

Yes, we are.

Alderman Siegel

So in addition to the price per ton being different and better for us, we are also creating less tons, is that correct? The actual savings might even be higher because you are actually just calculating the tons but we might see significant...

Mr. Simmons

No.

Alderman Siegel

But the polymer price is not that significant compared to the cost we pay per ton to dispose of this stuff, right?

Mr. Simmons

Right, the polymer cost did go up, however, when I started we were running about 8 to 12 hours on filling a truck and now we are fluctuating but we are looking at anywhere from 20 to 24 hours on a truck.

Alderman Siegel

So do the numbers that you have here reflect that or is it merely the change in pricing for the disposal because that's an incredibly big difference in the positive sense.

Mr. Simmons

What we have done on the disposal cost, based on our tonnage for this year and what we are projecting for next year and hopefully the tonnage will go down...

Alderman Siegel

It sounds like what you are saying is that the tonnage is going to go down dramatically.

Mr. Simmons

We are hoping it will but nothing stays the same all of the time. We are all subject to upsets. I'm just being cautious.

Alderman Siegel

There is a line item here, Interest on User Fees/Interest on Liens; these are booked but are these actually collectible? Is this revenue we are actually getting or is this revenue we are just sort of charging but somebody is never going to pay it?

Ms. O'Connor, Finance & Administration Manager

We've received \$69,509.

Alderman Siegel

I also wanted to look at this Energy Incentives & Rebates line item which was budgeted for \$3,600 but somehow we got \$69,000. What is that and why isn't it recurring?

Mr. Simmons

I believe it was for the blowers.

Ms. O'Connor

That was a one-time thing for the aeration blowers.

Alderman Siegel

The 43295, Revenue from Grant Line; in 2016, there is a \$94,500 grant, is this a grant that we can re-apply for? What was that? We got it last year but we are not getting it in the upcoming year.

Ms. O'Connor

I would have to double check but I believe that's the Emergency Management Grant.

Alderman Siegel

Is that the Homeland Security Upgrading, the facilities at the wastewater treatment plant just in case the terrorists attack?

Mr. Simmons

Yes.

Alderman Siegel

In 2016 Operating Budget there was a \$6.459 million and that is down by \$1 million in the 2017 proposed, is that because of bond refunding? Is it coming from total debt service?

Ms. O'Connor

It could be directly related to the debt funding because that reduced our expenses and this wastewater net assets is basically the true-up of what is needed out of all of your revenues that you receive and then what comes out of your net assets.

Alderman Siegel

So I guess we know that we had the additional money from...I just want to know how many places we've got that as a line item; the additional money coming back to us. The primary bonds that were refunded, were they associated with wastewater and that's why I see that on this line?

Mr. Griffin

That wasn't the most recent refunding, that was Treasurer Fredette's refunding of the state revolving loan funds a few years ago.

Solid Waste Disposal System Fund

Mr. Jeff LeFleur, Superintendent, Wastewater Department

I will go over the revenue first. You will see the sale of recyclables, the actuals showing only \$4,582 and that's incorrect as we usually true that up at the end of June. Right now I am showing over \$80,000 that should be in there. We have auctioned off some equipment at the landfill and that goes back to the general fund. My significant changes in my budget are under the 53107, there is a little uptick in the Architect & Engineering and that's due to some new permitting requirements from the DES. Under Other Professional Services there is an uptick US DE, the bird control, it is permit required and that's the company that works for us. My next biggest issue is 55200, Dues & Memberships; I've got some more people joining some of the memberships or SWANA. Advertising is going to go down a little bit as all of my positions were filled as of last week but I just lost one so I will be doing a little bit of advertising but not as much as usual. My biggest increase is for our single-stream recycling. This is the first year that we will be paying, the preliminary cost came up almost \$275,000 and I have to budget for it but I hope the market turns around but I have to go with the worst case scenario. Are there any questions?

Alderman Siegel

We are paying a lot of money for single-stream recycling, is it costing us more than we would save in landfill space and whatever associated costs it would take to just dispose of that? I know that doesn't make the environmentalists very happy but there is a real cost associated with that?

Mr. LeFleur

On the environmental side, we want to recycle. It makes sense to recycle if the markets turn around. We are just in a bad slump right now and that's why I am only doing a one-year contract with this, we are seeing a turn-around.

Alderman McCarthy

What is the per ton cost we are paying a tip to ship out recycles?

Mr. LeFleur

Right now my worst case scenario will be \$35.00 per ton plus a \$225.00 trucking fee.

Alderman McCarthy

We believe the air space at the landfill is north of \$85.00 per ton, is that correct?

Mr. LeFleur

We are charging \$80.00 per ton and any other landfill in the area is about \$68.00 per ton.

Alderman Siegel

Just for those that want to take my head off because they think I hate the environment; the true cost of recycling is much higher than people realize. There is an energy cost with moving all of this stuff around and I bet if you add it all up it's not so wonderful. Al Gore might not be correct.

Alderman McCarthy

I don't think we are saving a huge amount on it but it is cheaper than what we would pay to tip. You also have to remember that we are saving air space now that we will be able to tip in a decade from now that will be a lot more expensive then to build than it is. I think at \$35.00 per ton we are probably a little bit ahead by recycling it rather than tipping it.

Commissioner Bergeron

Recycling costs are tied into energy costs like a lot of things so people are using virgin products as opposed to recycling products because it's cheaper to do that right now.

Alderman Siegel

I would point out that in order to accomplish the recycling we have to have personnel out there with trucks, trucks that have to be manufactured so it's a much more complicated problem that to take the end fees.

Director Fauteux

I think another important thing to remember is that the recycling market is up and down and it's down right now but for the past three years we have paid zero so we have saved a tremendous amount of air space in the last three years but I expect that will change.

Alderman Wilshire

We've had these current trash toter's for how long?

Mr. LeFleur

They started in 2003.

Alderman Wilshire

What is the life span of those?

Mr. LeFleur

It's supposed to be ten years and we are still going strong. Some of them look like they are still brand new.

Director Fauteux

We are buying a significant amount this year in anticipation that we will have to replace them.

Alderman Wilshire

And is that what the \$145,000 is for?

Mr. LeFleur

That's recycling and for trash.

Alderman Wilshire

So there's no plan to just go through the city and replace them all after a certain number of years?

Mr. LeFleur

Not the trash ones because they are holding up very well. I am ordering plenty per year. I have about 1,000 in stock right now and we will replace them as needed. If I see a trend where a lot are failing I will have to budget for that.

Alderman O'Brien

If one is failing how does a citizen remedy that?

Mr. LeFleur

Just call the landfill and we will assess it and take care of it.

Alderman Deane

I have a question for Mr. Griffin and he doesn't have to answer it tonight but I would like it in writing. I'd like the pros and the cons to making the solid waste department just a general fund or an enterprise account at this point. It's not a true enterprise account, although it could be...if the tasks that were performed by the department were charged appropriately it could be a true enterprise account but that's currently not happening.

Alderman McCarthy

I'd actually like to see a third option which is to reduce the enterprise fund to being landfill operations and put collection in the general fund because that's basically the way we treat it anyway.

Alderman Deane

What does the director think?

Director Fauteux

That's a question for the CFO.

Alderman Deane

But do you think it's a good idea to look at that though?

Ms. Fauteux

I just wonder about the complexity of the accounting; again, that would be a question for the CFO. We have different types of enterprise funds; some are self-sustaining like wastewater and some are not. It's not in my wheelhouse; I will leave it up to CFO Griffin.

Mr. Griffin

I will put that in writing, we have talked about that since I arrived in 2010. The reality is that a general fund appropriation is considered revenue as we know for this particular fund. If you ever wanted to accumulate the cost in one area such as the solid waste group of accounts then you have the data now to unbundle it or unravel it; we can do that it's just that we are going to be going through an exercise in putting things in the streets department for example or another department. The answer is true enterprise versus enterprise; it is considered an enterprise internally and to our external auditing firm, it's just how do you want to segregate the costs and what is it that you are trying to get out of it after we do that.

Alderman Deane

It has not effect on the spending cap calculations the way it's currently being used so if we got rid of its enterprise fund status and just put it in as a basic appropriation then the revenue would fall into the general fund, what would be the net effect on the spending cap?

Mr. Griffin

Just to focus on the spending cap, the increase and decrease from year to year of the operations of the solid waste account does impact the spending cap. If we took it out it would just be moving it, if you can picture this, you'd move it from solid waste operations, let's say that number is \$6 million now, you'd take \$4 million of it and move it up to the upper line potentially.

Alderman Deane

So there would be a \$4 million spending cap?

Mr. Griffin

The spending cap adds together the general fund appropriations plus solid waste appropriations and waste water.

Alderman Deane

So it's already part of the cap calculation.

Mr. Griffin

Correct.

Alderman McCarthy

The part where we actually true-up revenues and expenses is in the landfill operations. It just seems to me that the collection should be in the normal budget and that we ought to transfer the tipping cost; whatever we charge ourselves internally for the space that's used, that should be the transfer that goes to the general fund into the enterprise fund to keep the landfill operation itself, which is where we really want to preserve the fund balance because we have the assets and keep that as the enterprise fund.

Chairman Dowd

Director Fauteux, thank you very much for coming; you and your team.

UNFINISHED BUSINESS – None

NEW BUSINESS – RESOLUTIONS

R-16-035

Endorsers: Mayor Jim Donchess

Alderman Ken Siegel

Alderman-at-Large Daniel T. Moriarty

RELATIVE TO THE RESCINDING OF AUTHORIZED UNISSUED DEBT

MOTION BY ALDERMAN MCGUINNESS TO RECOMMEND FINAL PASSAGE

ON THE QUESTION

Alderman Siegel

I believe that this is about as straight forward as it can be. There is an overhang in authorizations and we are just removing it; this is housekeeping and it's good for us to do this and there is no down side at all.

Alderman McCarthy

I don't have it in front of me. Do we know which projects it's the overhang on?

Alderman Siegel

There was an e-mail that was sent out by Treasurer Fredette this afternoon which specifically shows which elements are being taken away so that's available to you but I suspect it won't change your decision.

Chairman Dowd

Treasurer Fredette thought this was going to be taken up Thursday night.

Alderman McCarthy

There's a couple on here for Sunset which we haven't true-up yet.

Alderman Siegel

I suppose we could wait for Treasurer Fredette to be here to answer any questions.

Alderman McCarthy

I will just talk to him before the Board meeting but there are two references to the Sunset Heights HVAC Project in here which isn't completed yet.

Alderman Siegel

But we've got the money that we need so they are not going to be taking any additional money and that's the point of all of this.

Chairman Dowd

I'd hate to repurpose any funds for a project that's not completed, you never know.

Alderman Siegel

We are not repurposing funds; we are just rescinding overhanging bond authority.

Alderman McCarthy

We don't know that there is an overhang yet because the project is not closed out. I will check with the Treasurer but I think we can go ahead with it.

MOTION CARRIED

R-16-037

Endorsers: Alderman Richard A. Dowd
Alderman-at-Large Lori Wilshire
Alderman June M. Caron
Alderman Ken Siegel
Alderman Mary Ann Melizzi-Golja
Alderman-at-Large Michael B. O'Brien, Sr.
Alderman Tom Lopez
Alderman-at-Large Brian S. McCarthy

AUTHORIZING THE TRANSFER OF UP TO \$1,146,336 FROM THE SCHOOL CAPITAL RESERVE FUND INTO CAPITAL PROJECT ACTIVITY "SCHOOL HVAC IMPROVEMENTS" FOR THE PURPOSE OF IMPROVING HVAC SYSTEMS AT VARIOUS SCHOOLS

MOTION BY ALDERMAN MCGUINNESS TO RECOMMEND FINAL PASSAGE

ON THE QUESTION

Chairman Dowd

This includes the temporary work that has to be done at Mt. Pleasant to make the school livable and also a couple of other schools. The Board of Education has prioritized the spending of this fund to take care of these HVAC projects.

Alderman Wilshire

Do you know what the plans are at Mt. Pleasant?

Chairman Dowd

Specifically?

Alderman Wilshire

Yes.

Chairman Dowd

They can't do any work this school year but it will be done this summer if this gets approved.

Alderman McCarthy

I would also point out that some of what is being planned are temporary fixes until we can do something with the building for real. A real solution for HVAC requires roof mounted equipment and penetrations that go through all of the floors and building and it's not cheap. I think they are looking at a temporary cooling solution for the upper floor and some of the areas that are uninhabitable in the warmer months.

Chairman Dowd

Mt. Pleasant is a temporary fix.

MOTION CARRIED

NEW BUSINESS – ORDINANCES – None

TABLED IN COMMITTEE

R-16-029

Endorser: Mayor Jim Donchess

**ESTABLISHING AN EXPENDABLE TRUST FUND FOR RIVERWALK WALKWAYS, BRIDGES
AND RELATED IMPROVEMENTS AND APPROPRIATING AT LEAST \$500,000 INTO THE
EXPENDABLE TRUST FUND**

- Tabled 5/23/16

MOTION BY ALDERMAN SIEGEL TO TAKE R-16-029 FROM THE TABLE

MOTION CARRIED

ON THE QUESTION

Alderman Siegel

This is going to require ten votes to get through and it seems to me based on the sentiment from my fellow Aldermen and other people that while this is a highly desirable thing to do given the circumstances, shortfalls in CERF, the problems with paving, our pension shortfall; the timing is not so great for this. Yes, it's nice to have \$500,000 dropped on your lap but the state has already taken it away so this would only mean that we have a \$1.5 million bullet aimed at our head for next year, unless we just feel like spending money and forgetting that we have an obligation otherwise. It's not that I don't think this is a worthy project, I just believe we need to spend our money elsewhere so I am going to say no.

Alderman Wilshire

Is this the \$500,000 from Clocktower?

Alderman Siegel

Yes.

Chairman Dowd

Is this funding available to be spent in other ways?

Alderman McCarthy

It's general fund revenue, we can do whatever we like with it but we are not going to be able to spend it on anything because we can't get ten votes. The only difference between this and the arguments that were used on the pension trust fund is that the money to pay the \$350,000 uplift in the pension trust fund, while I think we should have done it that way, was already accounted for in the budget. The Riverwalk improvements are not.

Alderman Siegel

This is like exhibit A of the problem I have with the way that the cap chartered has worked because here's \$500,000 which is basically a gift but we need ten votes and it is a spending cap override to allocate it. It is tied up technically because there is legislation pending that has this money associated with it so while this legislation is unresolved we can't do anything different than have it earmarked for this, I believe.

Alderman McCarthy

I don't think that applies, that applies to restricting the expenditure of funds that have been earmarked for transfer that are already appropriated. This we can't spend anyway because it hasn't been appropriated.

Alderman Siegel

Okay, so that's not technically the case. I'd still like to put a bullet in it because we should get this out of committee and get it before the full Board of Aldermen and get this disposed of one way or another.

**MOTION BY ALDERMAN SIEGEL TO RECOMMEND INDEFINITE POSTPONEMENT
DIVISION OF VOTES
MOTION FAILED**

MOTION BY ALDERMAN MCCARTHY TO RETURN R-16-029 TO THE TABLE

R-16-034

Endorser: Mayor Jim Donchess

**RELATIVE TO THE ADOPTION OF THE FISCAL YEAR 2017 PROPOSED BUDGET FOR
THE CITY OF NASHUA GENERAL, ENTERPRISE, AND SPECIAL REVENUE FUNDS**

- Tabled pending Public Hearing – 5/16/16

GENERAL DISCUSSION - None

PUBLIC COMMENT - None

REMARKS BY THE ALDERMEN – None

POSSIBLE NON-PUBLIC SESSION

ADJOURNMENT

**MOTION BY ALDERMAN SIEGEL TO ADJOURN
MOTION CARRIED**

The meeting was declared closed at 8:41 p.m.

Alderman Sean M. McGuinness
Committee Clerk